

TENNESSEE CODE ANNOTATED
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*** Current through the 2012 Regular Session ***

Title 12 Public Property, Printing And Contracts
Chapter 4 Public Contracts
Part 7 Prompt Pay Act of 1985

Tenn. Code Ann. § 12-4-701 (2012)

12-4-701. Short title.

This part shall be known and may be cited as the "Prompt Pay Act of 1985."

12-4-702. Part definitions.

As used in this part, unless the context otherwise requires:

(1) "Acquire" means to derive a benefit from, whether by lease, grant, expenditure, or otherwise;

(2) "Agency" means any entity of the state government, as defined in § 4-5-102;

(3) "Business" means a business organization in any form, institution, association, profession, occupation or calling of any kind, whether or not conducted for profit;

(4) "Property" means anything of value, including, but not limited to, real estate, tangible and intangible personal property, contract rights, choses-in-action and other interests in or claims to wealth, admission or transportation tickets, captured or domestic animals, electric or other power and signatures which purport to create, maintain or extinguish any legal obligation; and

(5) "Service" means labor that does not include a tangible commodity. "Service" includes, but is not limited to: labor; professional advice; services provided by health care providers

to medicaid recipients upon filing of a properly completed claim form; telephone, cable television and other utility service; accommodations in hotels, restaurants or elsewhere; admissions to exhibits and entertainments; the use of machines designed to be operated by coin or other thing of value; and the use of rented real or personal property.

12-4-703. When payment required.

An agency which acquires property or services pursuant to a contract with a business shall pay for each complete delivered item of property or service in accordance with the provisions of the contract between the business and agency or, if no date or other provision for payment is specified by contract, within forty-five (45) days after receipt of the invoice covering the delivered items or services.

12-4-704. Interest.

(a) Interest shall accrue and be charged on payments overdue under § 12-4-703 at one and one-half percent (11/2%) per month beginning on the day after payment is due.

(b) Interest which is unpaid at the end of each sixty-day period or at the end of any specified period provided by contract shall be added to the principal amount of the debt and shall thereafter accumulate interest.

12-4-705. Appropriations to pay interest prohibited.

An agency may not seek additional appropriations to pay interest which accrues as a result of its failure to make timely payments required by § 12-4-703.

12-4-706. Applicability of part.

This part is not applicable if an agency's failure to pay timely interest required by § 12-4-704 is the result of a dispute between the agency and the business over the amount due or over compliance with the contract.

12-4-707. Payments to subcontractors -- Interest.

(a) Upon payment by an agency, a business which has acquired under contract, property or services in connection with its contract with such agency from a subcontractor or supplier shall pay the subcontractor or supplier within thirty (30) days after receiving payment from the agency.

(b) Interest at the rate of one and one-half percent (11/2%) per month shall accrue and is due any subcontractor or supplier who is not paid within thirty (30) days after the business receives payment from the agency, unless otherwise provided by contract between the agency and the business, or by contract between the business and the subcontractor or supplier. Interest begins to accrue on the thirty-first day at the rate specified in this subsection (b).